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Effect of Corruption on Corporate Governance in Selected Area Offices of Deposit Money Banks in Enugu State, Nigeria

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Abstract

The study seeks to examine the effect of corruption on corporate governance in selected area offices of deposit money banks in Enugu State, Nigeria. The specific objectives were to; (i) determine the extent to which bribery affects the board of directors' functions, (ii) ascertain the extent to which fraud affects the managers' accountability, and (iii) identify the nature of the relationship existing between money laundering and shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria. The study adopted a descriptive survey design. The population of the study was 1197, which comprised the senior and junior staff members of the five selected banks (United Bank for Africa Plc, First Bank of Nigeria Plc, Access Bank Plc, Fidelity Bank Plc, and Skye Bank Plc.). The sample size of 316 was obtained from the population using Freud and William's formula at 5% error tolerance and 95% level of confidence. Data collection was done via a questionnaire and an oral interview guide. Simple Linear Regression Analysis and Pearson Product Moment Correlation were used for data analysis. The study recommends that: the responsibilities and dispersion of authority by the board of directors' of deposit money banks in the study areas should be made transparent, and this should involve the processes in the making, interpretation, and implementation of any policies or decisions, hence, negating the large extent to which bribery affects the board of directors' functions. Deposit money banks in the study area should have a specialized fraud detection department; the effectiveness and awareness of this department deter fraudulent activities and aids the managers in carrying out effective management duties with optimal accountability. The enactment, legalization, and efficient implementation of stringent policies, not only to deposit money banks involved in money laundering, but also to the signatories that aided its accomplishment; this should be upheld by internal and external regulatory bodies, to ensure that the perceived benefit inherent in such corrupt practice is not worth the legal repercussions, hence, enhancing optimal utilization of shareholders' investment.

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1. Introduction

The etymology of the word "corruption" is derived from the Latin word "Co-rrumpere" which indicates either to pervert or an act of seduction, that results in a rupture from established rules (Etymonline, 2015). Corruption from time immemorial had been evident in diverse cultures and nations, and its manifestation is still acknowledged in the political, economic, socio-cultural sectors of the developed, developing, and under-developed nations (Anti-Corruption Research Network, 2011).

Linus (2012) posits that the act of corruption as a global phenomenon varies from one nation to the other, with respect to its categories, prevalence, outcomes, and the efficacy of implemented remedies to tackle it. Corruption by its nature is a labyrinth that's featured in all; system of government (democracy, socialism, feudalism, etc.), period (war, and peace), organization (profit, and non-profit), and times (medieval, renaissance, and modern) (Heywood, 1997).

The differences in defining corruption are born out of the environment and experiences of the individuals defining it; nonetheless, a wider perspective to defining corruption connotes the intentional abuse of the authority conferred on an office for the advantage of a selected party. Corruption from an economic view-point is defined as the abuse of a position of authority for the advantage of a party, and this "abuse" typically connotes a breach of legal trust and norms (Misangyi, Weaver, and Elms, 2008). In business organizations, corruption connotes the deliberate accomplishment of an individual's (employees) interest at the expense of the organization via the re-routing of organizational authority, processes, and resources (Lange, 2008).

Corruption from an African perspective is an alien culture; notwithstanding the perceived high rate at which is been practiced (Dare, 2010). Pre-colonial African was rooted in the practice of integrity, transparency, honor, and strict adherence to ethical norms; the system of colonialism introduced corruption in Sub-Saharan Africa, hence, the domination of western structure devalued the commitment to the African way of life (Munyae and Gwen, 1998; Chikaforafrica, 2012). Angela and Nkemakolam (2014) posit that the systemic nature of corruption in Nigeria is evident in the structure of the colonial system in which the laxity of the Native Authority system induced the native police to seek and obtain bribes and distort the justice system; from then till now, corruption has been a recurrent practice in all the administration. Regardless of the institutionalization of anti-graft agencies, such as Independent Corrupt Practices and Other Related Offences Commission (ICPC) in 2000, and Economic and Financial Crimes Commission (EFCC) in 2003, corruption had continued to question the effectiveness of corporate governance in organizations (Nageri, Gunu, and Abdul, 2013; Usman, 2013).

The term "corporate governance" has a clear origin from a Greek word, "cyberman" meaning to steer, guide or govern; in Latin, its known as "gubernare" and the French version of "governer", hence, it denotes the activities engaged by the board of directors, managers, shareholders, auditors, and relevant stakeholders in achieving organization's goals. Obodo (2014) posits that corporate governance connotes the prudent dispensation of authority and power by the board of directors, managers, shareholders, auditors, and relevant stakeholders in planning, organizing, directing, and controlling organizations resources for which they held accountable. Corporate governance also connotes the relationship between an organization's board of directors, managers, shareholders, auditors, and relevant stakeholders (OECD, 2004).

The etymology of corporate governance system in Nigeria has a nascent history, though; its basis was articulated by the Companies and Allied Matters Act (CAMA) and detailed in the various Codes of Corporate Governance, the practice of corporate governance in Nigeria does not depict a lacuna in enactment, framework, policy and regulations but, failure in enactment, framework, policy and regulations to achieve conformity and execution (Obodo, 2014).

In recent times, there has been an increase in bank failures throughout Nigeria and the world, financial scandals in Nigeria is attributed to high occurrence of deliberate corrupt financial practices; bribing, fraud, embezzlement, nepotism, insider abuses, money laundering, deficient credit policy as well as spineless shareholders' associations audit committees, and rubber stamp annual general meetings (Bell and Pain, 2000; Oyebode, 2009); while this conduct leads to the closure of some branches of these banks, the recycling of the same corporate governance players and the persistent in the continuity of corruption in the banking industry raises question on whether it indeed has an effect on corporate governance and the significance of this effect. It is on this background that this research seeks to examine the effect of corruption on corporate governance in selected area offices of deposit money banks in Enugu State, Nigeria.

Statement of Problem

The banking sector is more than just institutions that facilitate payments and extend credit; it encircles all functions that direct real resources to their user, and a key player in the economic growth and development of any nation. In Nigeria, before the consolidation exercise, the banking industry had about 89 active players whose overall performance led to the decline of customers' patronage and trust. There was prolonged distress in the industry, the supervisory structures of shareholders and auditors were inadequate and there were cases of official misconduct amongst the managers and board of directors, while the industry was notorious for financial scandals, the series of reported cases of bribery, fraud, money laundering, embezzlement, misappropriation, forgery, distorted credit management, nepotism, and insider abuses remains a disturbing feature of the banking sector, despite all the actions to eradicate corruption via the Independent Corrupt Practices and Other Related Offences Commission (ICPC), and Economic and Financial Crimes Commission (EFCC), corruption has continued to question the effectiveness of corporate governance in organizations; the persistent in the continuity of corruption and the recycling of corrupt officials within the industry raises question on whether it indeed has effect on corporate governance of banks and its significance, and if nothing is done, the consequences of ignoring this problem will be explicitly heightened.

Objectives of the Study

The broad objective of this study is to examine the effect of corruption on corporate governance in selected deposit money banks in Enugu State, Nigeria. The specific objectives are to:

a) Determine the extent to which bribery affects the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria.
b) Ascertain the extent to which fraud affects the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria.
c) Identify the nature of the relationship existing between money laundering and shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria.

Research Questions

The study will be guided by the following research questions:

a) To what extent does bribery affect the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria?
b) To what extent does fraud affect the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria?
c) What nature of relationship exists between money laundering and shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria?

2. Materials and Methods

The study adopted a descriptive survey design. The population of the study was 1197 staff from the 5 deposit money banks which were selected purposively based on the fact that they were quoted in the Nigerian Stock Exchange with high stock prices, the banks were United Bank for Africa Plc, First Bank of Nigeria Plc, Access Bank Plc, Fidelity Bank Plc, and Skye Bank Plc. The sample size of 316 was obtained using Freud and William's formula; out of hundred (100) copies distributed, seventy-one (71) which is p = (0.71) was returned positive; while twenty-nine (29) which is (0.29) was returned negative. No undecided cases. Proportionate stratified sampling technique was used to select the respondents in each of the selected deposit money banks using the Bowley's proportional formula since the population was finite. Data were collected using a questionnaire and interview guide which was designed in a 5 point Likert scale and was administered to the respondents manually. The validity of the instrument was measured using content validity, and this was done by three management experts from both the industry and the academia. Spearman ranking was used to test the reliability of the instrument giving a coefficient of 0.86. Data collected were analyzed using Simple linear regression for testing hypotheses one and two, and Pearson product moment correlation for testing hypotheses three, at 5% probability level of significance. The decision rule was to reject the null hypothesis if the p-value is greater than 0.05 (i.e. $p > 0.05$), do not reject the null hypothesis if otherwise.

Research Hypotheses

a) To an extent, bribery affects the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria.
b) Fraud to an extent affects the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria.
c) Money laundering relates to shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria.

Conceptual framework

Concept of Corruption

Corruption has been in existence from time immemorial and was made visible by the establishment of the machinery of government (Daniel, 1997). Diverse classification of corruption includes; public interest centered, market-centered, public office cenetred, public opinion centered, and legalistic centered corruption. AAPAM (1991) posits that corruption connotes the abuse of an office for gains which includes but not limited to bribery, nepotism, influencing peddling, commercializing favors, receiving kickbacks, embezzlement, fraud, insider abuse, extortion, nepotism, and use of rules as administrative capital.

No country, region, community, ethnic group, religion, political system, age, gender, group, etc. can claim a monopoly of corruption; nonetheless, the significant manifestation of corruption varies from a country, person, organization, region, to another, hence, negating corruption to influencing the economic, social, and political growth, development, and sustainability of any nation (Gore, 1998). Luo (2004) posits that organizations are the primary units of corrupt practices, hence, to effectively fight and eradicate corruption at the macro level; nations should first engage the micro levels.

However, remedies for curtailing corruption have been established in different countries, hence, negating corruption levels in organizations needs viable actions at different levels; these actions include addressing poverty and inequity (special action); legislating and executing anti-corruption laws (legal action); improving democracy, media freedom, and civil service (political action); and reforming dysfunctional dimensions or aspects of government (regulatory remedy) (Ackerman, 1978; Lamsdorff, 1999; Lapalombra, 1994; Scott, 1972; Tanzi, 1998; Treisman, 2000).

The Concept of Bribery

Bribery is the offer or acceptance of any gift, fee, or advantage to or from an individual/group as an influence to a breach of trust, in the operation and achievement of an organization's goal (Transparency International, 2015). Hamilton and Hudson (2014) posit that bribery denotes a tangible or intangible advantage offered, to an individual with the aim of influencing or compensating them to carry out their duties dishonestly; this could also be done via a third party. Ernst and Young (2013) posit that the following can make organizations vulnerable to bribery; (i) Corporate hospitality (ii) Facilitation payments (iii) Third-party risk.

Concept of Fraud

Duffield and Grabosky (2001) define fraud as an act of deliberate manipulation of data with the aim of gaining an undue advantage over another. It occurs when an individual fabricates false statements with the aim of defrauding another (Vasiu and Vasiu, 2004). Gary, Poh-Sun, Themin, and Evelyn (2011) posit that research on fraud can be grouped into three major subject matter: (i) Factors, Motivations and Antecedents of Fraud. (ii) Auditor's Duty in Fraud Detection and Prevention. (iii) Information Technology Fraud. AFR (2010) notes that the fraud triangle explains the three prerequisites (pressure, opportunity, and rationalization) that can make an individual carryout fraud. The individual is ensnared by pressures, opportunity via the lax control system, and is motivated by a corporate system that endorses rationalization of deeds.

The concept of Money Laundering

Money laundering connotes the process of exchanging or converting illicit tangible resources to acceptable legit resources, hence, camouflaging its source, origin, and final destination or use in other to avoid the legal repercussion of such act (Uyoyou, and Ebipanipre 2013). Robert, Jonathan and Stephen (2011) posit that money laundering is the method through which illicit resources are reintegrated into the economy as legit resources, some of the means of obtaining this illicit resource includes evidence tampering, commercialization of hard drugs, robbery, prostitution, and gambling, hence the reintegration of these illicit proceeds into the legitimate economy. Robert et al. (2011) posit that the three facets of money laundering include; placement, layering, and integration. Salinger (2005) opines that money laundering could take any of these forms; bank methods, smurfing, currency exchanges and double – invoicing, and that financial institution over the years has made attempts in identifying and curtailing money laundering.

The concept of Corporate Governance

Corporate governance connotes the distribution of authority and responsibilities among active players (board of directors, managers, auditors, shareholders, and other stakeholders) in the organization, which spells out the processes for decision making in the organization, hence, giving structure to the optimal achievement of the organizations goal (OECD, 2004). Corporate governance encompasses a set of relationships between a company's management, the board of directors, shareholders and other stakeholders. Cochran and Warwick (1988) define corporate governance as a cover that depicts the interactions between the board of directors, managers, auditors, shareholders, and organizations stakeholders.

OECD (2004) notes that corporate governance functions as a structure that protects investor trust, increase access to capital markets, enhance growth and developing economies. By providing rules, checks and balances, corporate governance systems reduces organization costs (capital and production) and increase organizations output, hence, increasing efficiency and effectiveness.

Notwithstanding the diverse structure of corporate governance with regards to a different nation, their common purpose includes identifying the authority, responsibilities, and accountability of the principals, and managers for the achievement of the organization's goal. OECD (2004); Ngozi, and Raymond (2013) posits that for corporate governance to effectively function, the following principles must be active; transparency, accountability, and integrity of corporate governance.

The concept of Board of Directors

Over the years, corporate governance systems have received globally modification; the globalization and accessibility of financial systems, corporate governance abuse, and demands for accountability and transparency have placed the responsibilities and obligations of the boards of directors on the basis of the corporate governance thought (Kiel and Nicholson, 2003; Ingley and Van, 2005).

Olayinka (2010) posits that the board of directors oversees the regulation of management on shareholders' behalf. Agency theorists argue that to secure the right of shareholders, the board of directors must involve in active oversight responsibility; it is known that the board of directors accomplishment is motivated by the effectiveness of the board, which is induced by features such as board composition and quality, size of board, duality of chief executive officer, board diversity, information asymmetries and board culture (Brennan, 2006). The basic duty of the board of directors is overseeing the actions of managers on the shareholder's behalf (Eisenhardt, 1989; Jensen and Meckling, 1976). Boards consisting primarily of insiders (current or former managers/employees of the firm) or dependent outside directors (directors who have business relationships with the firm or social ties with the chief executives) are known to be less effective in overseeing, because of their dependence and attachment to the organization. Independent boards are those primarily consisting of independent outside directors and are thought to be the most effective at overseeing because their rewards are not influenced by dependence on the CEO or the organization.

The concept of the Manager

Organizations in recent times are in need of managers who not only can achieve sustainable productivity but also possess conceptual, technical, and human skills that make them acute to speedily respond to external features that are constantly evolving and not only to market demands for goods and services (Moghrabi, Sharabati, and Khader, 2014). Modern managers need to acquire much more dimensional skills; they are not only competent of planning and managing resources to achieve organizational goals, but they also possess the managers' ability and skills of mentoring, teambuilding, coaching and facilitating, and qualified to create a relatively informal work environment. Moghrabi et al (2014) posit that managers can influence employees to learn, and assist each other, hence, becoming valuable and supportive of each other.

Today's managers know that employees desire to be guided, motivated, and involved in decisions that influence their organizational life, not to be controlled and directed. Another important phenomenon in today's managerial ability is to plan globally, knowing that the world is becoming smaller; globalization requires contemporary managers be more proactive and innovative, anticipating threats and opportunities in the environment (Kahan, 2009).

Concept of Shareholders

A shareholder connotes an individual or institution that legally owns a share of stock in a public or private corporation; shareholders make a financial commitment in the institution, which endorses those with voting shares to elect the board of directors. Shareholders are not usually engaged directly in corporate management; their commitment to corporate management is through the board of directors, hence, if shareholders do not approve the outcome of the board of directors, they may vote out the board of directors or refuse to re-elect them (Angels, 2008). Shareholders are basically known as the owners of a corporation. In shareholding, the ownership rights are limited compared to the ownership rights one has over material resources (Marens 2002). Shareholders are not a homogenous group; they involve a mix of institutional and retail investors that varies with regards to objectives (purely economic versus social objectives), size, investment horizon (long-term versus short-term), level of activity (active versus passive), and portfolio concentration (Anne, David, and Brian 2014).

Agency Theory

Agency theory has its roots in economic theory was explored by Alchian and Demsetz (1972) and further developed by Jensen and Meckling (1976) as noted by Abdallah, and Valentine (2009). Agency theory is defined as the relationship between the principals (shareholders) and agents (company executives and managers). In this theory, shareholders who are the owners or principals of the company, hire the agents to perform work. Principals delegate the operations of organizations to the directors or managers, who are the agents (Clarke, 2004). In agency theory, the agents are expected to act and make decisions in the principal's interest. On the contrary, the agent may not necessarily make decisions in the optimal interests of the principals (Padilla, 2002). In agency theory, the agent may submit to self-interest, opportunistic behavior and falling short of agreement between the goals of the principal and the agent's exploit. Although with such setbacks, agency theory was introduced primarily as a separation of ownership and control (Bhimani, 2008).

Legitimacy Theory

Legitimacy theory is defined as a generalized postulation or assumption that the exploit of an organization is prudent, acceptable, or dignified with some socially structured systems of culture, belief, and values (Suchman, 1995). Legitimacy theory is based upon the axiom that there is a social contract between society and an organization. A firm receives acceptance to operate from the society and is eventually accountable to the society for how it operates because society gives organizations the authority to own and their natural resources and hire employees (Deegan, 2004). Mathews (1993) notes that organizations desire to institute agreement between the social norms associated with or inferred by their activities and the values of acceptable actions in the larger social system in which they operate. As far as these two value systems are in agreement, there is organizational legitimacy; when an actual or potential disagreement exists between the two values, there is a threat to organizational legitimacy. The focus of legitimacy theory is that an organization must regard the rights of the society, not merely the rights of the investors.

Legitimacy is an active resource that institutions exploit, often competitively from their social environments and utilized in the achievement of their objectives; low legitimacy will have weighty outcomes for an organization, which could eventually lead to the collapse of the organization (Suchman, 1995). O'Donovan (2002) posits based on empirical evidence, that the lower the anticipated legitimacy of the organization, the less likely it will gain from the resources of the society.

Empirical Review

Anna, (2012) in a study titled The Impact of Bribery on Firm Performance: Evidence from Central and Eastern European Countries did an empirical investigation whose objective was to study the relationship between `local bribery environments' and firm performance in Central and Eastern European countries. To assess this relation the study computed the means and standard deviations of the bribery measure for the country - survey wave – industry. Exploring within-firm variation, the results of the empirical analysis found that a higher local bribery level retards both real sales and labor productivity growth, making bribery a burden for an average firm.

Jessie and Mike, (2011) in a study titled Does bribery help or hurt firm growth? This study investigated the institutional dethe terminants and growth consequences of firm-level bribery around the world. The study used a uniform core questionnaire administrated in 81 countries during 1999–2000. The cross-country survey was composed of a total of 2,686 firms from 48 countries of different sizes, ownership, and industries. The study found that firms choose a higher level of bribery when embedded in under-developed market-supporting institutions. After controlling for endogenous bribery choices, bribery hurts firm growth. The study also found that poor financial market, high policy uncertainty, and weak legal system significantly increase firms' level of bribery. More importantly, the results showed that bribery has a significantly negative effect on firm growth.

Hamilton and Justin (2012) in a study titled Dimensions of Fraud in Nigeria Quoted Firms examined the management of financial fraud in quoted companies in Nigeria. Employing a sample of 22 firms and Using the questionnaire and oral interviews as study instruments, data were obtained and analyzed using simple percentages and frequency distribution tables. Some findings of the study are that: (a) Poor internal systems are the major cause of fraud in Nigeria organizations. (b) Funds diversion is the commonest kind of fraud. (c) Most business organizations do not make fraud cases public. (d) Young people within the age brackets of 31-40 years and polygamists recorded the highest cases of involvement in fraudulent acts among the employees. (e) The frequency of Males involvement in fraudulent act surpassed that of females. The study, however, concludes that fraud had a significant effect in Nigeria quoted firms, and even though fraud cannot be completely eliminated from our business life, its occurrence can be minimized through better internal control systems, the disparity among organizational managers and employees in their propensity to commit fraud, as offered by such variable as gender, religion and religiosity, age and marital status appear to be beneficial in the management of fraud via placing those personality types with the least propensity to commit fraud in sensitive and vulnerable positions.

Okoye and Gbegi (2013) in a study titled an Evaluation of the Effect of Fraud and Related Financial Crimes on the Nigerian Economy, whose objective was to determine the impact of fraud and related financial crimes on the growth and development of Nigerian economy. Data for the study were collected from secondary sources only. The research analyzed the data generated using regression analysis. The research findings revealed that fraud and related financial crime had a significant effect on the Nigerian economy while fraud and financial crime have no significant effect on inflation. The research, therefore, recommends that auditors and accountants in organizations and financial institutions should be trained on how to carry out forensic investigation since the fraudsters are now sophisticated in their act. Also, internal control systems should be strengthened to block opportunities that attract fraud perpetrators and oversight function of the National Assembly be strengthened to make public office holders accountable.

Uyoyou, and Ebipanipre (2013) in a study titled The Economic Implications of Money Laundering in Nigeria set out to analyze the economic implications of money laundering in Nigeria, and how effective the Anti-money laundering policy is in Nigeria. The accidental sampling method was used in the selection of 635 persons out of which 624 representing 98.27% of the sampled persons completely filled and returned the questionnaires administered to them. Data collected were analyzed using the simple percentages method, the first hypothesis was tested using the chi-square test and it was found that money laundering does have a significant effect on Nigeria's economy with f-ratio of 476.163> f-critical of 12.592 at 0.05 level of significance with 6 degrees of freedom, thus, the null hypothesis was rejected and the alternative was accepted. The ANOVA test on the second hypothesis confirms that Anti Money Laundering policies in Nigeria have not significantly reduced money laundering in Nigeria with f-ratio of 2.685 < f-critical of 5.987 at 0.05 level of significance with 1 to 6 degree of freedom, thus, the null hypothesis was accepted. The study recommends more effective coordination of all institutions on the fight against money laundering by the EFCC, and a full, effective and efficient investigation of corruption reports by the ICPC.

Husni (2014) in a study titled The Impact of Anti-Money Laundering on Investment Funding: Evidence from Jordanian Financial Institutions, with the main objective of examining the impact of Anti-money laundering (AML) on investment funding: Evidence from Jordanian financial institutions. The study population consists of the financial sector which includes 72 banking and financial institutions and a sample study of 50 Jordanian financial institutions was selected in order to achieve the objective. This study depends on a survey analyzed using the Multiple Linear Regression Model and the single model in testing the hypotheses of the study. The following results have been reached: The impact of money laundering (ML) on investment funding is a significant and negative relationship. Also, there is a significant and positive relationship between AML (Systems and regulations, Controlling, Auditing, Training, and money transfer) and investment funding (INVF).

Critique of Reviewed Related Literature

The research gap identified via reviewing the literature includes the following, the literature was based on a macro analysis that involved a whole country, but this study seeks to give empirical evidence from a “micro” or firm based view. Also, there are many types of research on corruption in relation to other variables, but a research lacuna exists with regards to the paucity of research on corruption in relation to corporate governance of deposit money banks, and the geographical area of the study. Furthermore, this study would fill the research gap on the extent to which bribery affects the board of directors’ functions. More so, this study would provide empirical evidence on the extent to which fraud affects the managers’ accountability. Finally, this study would fill the research gap on the nature of relationship existing between money laundering and shareholders’ investment.

Data Presentation and Analysis

Table 1
Distribution and Return of the Questionnaire

Organizations	No. Distributed		No. Returned		No. Not Returned	
	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff
United bank for Africa Plc.	14	60	11	54	3	6
First bank of Nigeria Plc.	22	70	17	66	5	4
Access Bank Plc.	12	54	10	52	2	2
Fidelity Bank Plc.	11	46	10	46	1	0
Skye Bank Plc.	5	22	5	22	0	0
Total	64	252	53	240	11	12
Grand Total	316		293		23	

Source: Researcher’s Field Survey, 2016.

Table Outcome of the Survey 1

Table 1 shows that out of a total of 316 questionnaire administered 293 (93%) of the distributed copies of the questionnaire were returned, (7%) were not returned, and 0% copies were rejected.

Descriptive Analysis of Research Questions

Answers to Research Question One: To what extent does bribery affect the board of directors’ functions in selected area offices of deposit money banks in Enugu State, Nigeria? Reactions by respondents were analyzed as follows:

Table 2
Responses on whether 'kickbacks' demoralize the effectiveness of the board of directors' administrative functions

	Organizations											
	United Bank for Africa Plc.		First Bank of Nigeria Plc.		Access Bank Plc.		Fidelity Bank Plc.		Skye Bank Plc.		Freq.	Percen tage (%)
Rating	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff		
S. Agree	0	17	0	13	1	10	0	9	0	7	57	20
Agree	3	13	4	31	2	14	2	18	1	4	92	31
Undecided	3	9	5	11	3	13	3	11	1	5	64	22
Disagree	5	11	6	7	2	8	3	3	3	2	50	17
S.Disagree	0	4	2	4	2	7	2	5	0	4	30	10
Total	11	54	17	66	10	52	10	46	5	22	293	100

Source: Researcher's Field Survey, 2016.

As shown in table 4.2, 57(20%) and 92(31%) of the respondents strongly agree and agree respectively that 'kickbacks' demoralize the effectiveness of the board of directors' administrative functions in selected area offices of deposit money banks in Enugu State, Nigeria. In contrast, only 50(17%) and 30(10%) disagree and strongly disagree respectively with this statement and 64(22%) was undecided.

Table 3
Responses on whether 'payoff' destroys the board of directors' governing functions

	Organizations											
	United Bank for Africa Plc.		First Bank of Nigeria Plc.		Access Bank Plc.		Fidelity Bank Plc.		Skye Bank Plc.		Freq.	Percen tage (%)
Rating	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff		
S. Agree	0	27	1	19	1	16	1	20	1	5	91	31
Agree	3	11	6	20	4	13	3	13	0	8	81	28
Undecided	4	8	5	13	2	14	2	4	1	4	57	19
Disagree	3	5	4	9	3	7	3	6	3	3	46	16
S. Disagree	1	3	1	5	0	2	1	3	0	2	18	6
Total	11	54	17	66	10	52	10	46	5	22	293	100

Source: Researcher's Field Survey, 2016.

As shown in table 4.3, 91(31%) and 81(28%) of the respondents strongly agree and agree respectively that 'payoff' destroys the board of directors' governing functions in selected area offices of deposit money banks in Enugu State, Nigeria. In contrast, only 46(16%) and 18(6%) disagree and strongly disagree respectively with this statement and 57(19%) were undecided.

Answers to Research Question Two: To what extent does fraud affect the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria? Responses of study participants were analyzed as follows:

Table 4
Responses on whether cheque fraud discourages managers' motivation for optimal performance

Rating	Organizations										Freq.	Percentage (%)
	United Bank for Africa Plc.		First Bank of Nigeria Plc.		Access Bank Plc.		Fidelity Bank Plc.		Skye Bank Plc.			
	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff		
S. Agree	0	11	0	21	0	15	0	22	0	9	78	27
Agree	2	21	5	20	2	17	2	15	0	3	87	30
Undecided	5	9	5	14	4	9	4	7	3	5	65	22
Disagree	3	6	4	6	4	4	3	1	2	3	36	12
S. Disagree	1	7	3	5	0	7	1	1	0	2	27	9
Total	11	54	17	66	10	52	10	46	5	22	293	100

Source: Researcher's Field Survey, 2016.

As shown in table 4.4, 78(27%) and 87(30%) of the respondents strongly agree and agree respectively that cheque fraud discourages managers' motivation for optimal performance in selected area offices of deposit money banks in Enugu State, Nigeria. In contrast, only 36(12%) and 27(9%) disagree and strongly disagree respectively with this statement and 65(22%) was undecided.

Table 5
Responses on whether lending fraud destroys managers' integrity

Rating	Organizations										Freq.	Percentage (%)
	United Bank for Africa Plc.		First Bank of Nigeria Plc.		Access Bank Plc.		Fidelity Bank Plc.		Skye Bank Plc.			
	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff		
S. Agree	0	16	1	26	0	18	0	14	0	10	85	29
Agree	3	20	4	22	2	15	2	16	1	3	88	30
Undecided	5	9	6	9	6	8	3	7	3	6	62	21
Disagree	2	5	4	6	1	9	3	5	1	3	39	13
S. Disagree	1	4	2	3	1	2	2	4	0	0	19	7
Total	11	54	17	66	10	52	10	46	5	22	293	100

Source: Researcher's Field Survey, 2016.

As shown in table 4.5, 85(29%) and 88(30%) of the respondents strongly agree and agree respectively that lending fraud destroys managers' integrity in selected area offices of deposit money banks in Enugu State, Nigeria. In contrast, only 39(13%) and 19(7%) disagree and strongly disagree respectively with this statement and 62(21%) was undecided.

Answers to Research Question three: What nature of relationship exists between money laundering and shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria? Responses of study participants were analyzed as follows:

Table 6
Responses on whether money laundering encourages waste of shareholders' asset

Rating	Organizations										Freq.	Percentage (%)
	United Bank for Africa Plc.		First Bank of Nigeria Plc.		Access Bank Plc.		Fidelity Bank Plc.		Skye Bank Plc.			
	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff		
S. Agree	1	19	1	24	0	21	1	13	0	9	89	30
Agree	2	15	3	18	2	13	2	16	1	3	75	26
Undecided	5	13	8	14	6	11	5	7	4	5	78	27
Disagree	2	4	3	7	1	5	1	6	0	3	32	11
S. Disagree	1	3	2	3	1	2	1	4	0	2	19	6
Total	11	54	17	66	10	52	10	46	5	22	293	100

Source: Researcher's Field Survey, 2016.

As shown in table 4.6, 89(30%) and 75(26%) of the respondents strongly agree and agree respectively that money laundering encourages waste of shareholders' asset in selected area offices of deposit money banks in Enugu State, Nigeria. In contrast, only 32(11%) and 19(6%) disagree and strongly disagree respectively with this statement and 78(27%) was undecided.

Table 7
Responses on whether money laundering is detrimental to the shareholders' finance

Rating	Organizations										Freq.	Percentage (%)
	United Bank for Africa Plc.		First Bank of Nigeria Plc.		Access Bank Plc.		Fidelity Bank Plc.		Skye Bank Plc.			
	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff	Senior Staff	Junior Staff		
S. Agree	1	20	1	26	0	17	1	15	0	9	90	31
Agree	3	17	3	15	2	21	2	19	2	3	87	30
Undecided	4	10	9	14	6	9	5	7	3	7	74	25
Disagree	1	4	2	6	1	4	1	3	0	2	24	8
S. Disagree	2	3	2	5	1	1	1	2	0	1	18	6
Total	11	54	17	66	10	52	10	46	5	22	293	100

Source: Researcher's Field Survey, 2016.

As shown in table 4.7, 90(31%) and 87(30%) of the respondents strongly agree and agree respectively that money laundering is detrimental to the shareholders' finance in selected area offices of deposit money banks in Enugu State, Nigeria. In contrast, only 24(8%) and 18(6%) disagree and strongly disagree respectively with this statement and 74(25%) was undecided.

a) Hypotheses One

H_1: To an extent bribery affects the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria.

H_0: To an bribery does not affect the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria.

Table 8
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate	Durbin-Watson
1	.931[a]	.866	.866	.13856	.651

a. Predictors: (Constant), Bribery
b. Dependent Variable: board of directors' functions

Table 9
ANOVA [a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	36.133	1	36.133	1881.999	.000[b]
	Residual	5.587	291	.019		
	Total	41.720	292			

a. Dependent Variable: board of directors' functions
b. Predictors: (Constant), Bribery

Table 10
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.111	.024		4.581	.000
	Bribery	.905	.021	.931	43.382	.000

a. Dependent Variable: board of directors' functions

R	=	Correlation Coefficient or Beta
R^2	=	Coefficient of Determination
Adj. R^2	=	Adjusted Coefficient of Determination
DW	=	Durbin-Watson (d) test statistic
T-value	=	Student t- test Statistic
F	=	F- test statistic
Model Equation B	=	0.905 + 0.111BDF

The result indicates that there was a negative significant effect of bribery on board of director functions as t = 43.382 and which is above the rule of thumb positivity of 2 and the coefficient of bribery is (0.905). The variations from the model are explained by the model as indicated by the coefficient of the determination (r^2) value of 86.6%. Also, the result indicates that to a large extent bribery affects the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria as indicated by r-value of 0.931 which is positive as shown by the beta value of 0.931

b) Hypothesis Two

H_1: Fraud to an extent affects the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria.

H_0: Fraud to an extent does not affect the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria.

Table 11
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.792[a]	.550	.348	.42118	.298

a. Predictors: (Constant), Fraud
b. Dependent Variable: managers' accountability

Table 12
ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27.792	1	27.792	156.667	.000[b]
	Residual	51.621	291	.177		
	Total	79.413	292			

a. Dependent Variable: managers' accountability
b. Predictors: (Constant), Fraud

Table 13
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.351	.071		4.963	.000
	Fraud	.732	.059	.792	12.517	.000

a. Dependent Variable: managers' accountability

R = Correlation Coefficient or Beta
R^2 = Coefficient of Determination
Adj. R^2 = Adjusted Coefficient of Determination
DW = Durbin-Watson (d) test statistic
T-value = Student t- test Statistic
F = F- test statistic
Model Equation F = 0.732 + 0.351 MA

The result indicates that there was a negative significant effect of fraud on managers' accountability as t = 12.517 and which is above the rule of thumb positivity of 2 and the coefficient of fraud is (0.732). The variations from the model are explained by the model as indicated by the coefficient of the determination (r^2) value of 55.0%. Also, the result indicates that fraud to a large extent negatively affects the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria, Nigeria as indicated by r-value of 0.792 which is positive as shown by the beta value of 0.792.

c) Hypothesis Three
H_1: Money laundering relates to shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria.
H_0: Money laundering does not relate to shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria.

Table 14
Descriptive Statistics

	Mean	Std. Deviation	N
Money laundering	2.2087	1.02809	293
Shareholders' investment	2.3071	1.37180	293

Table 15
Correlations

		Money laundering	Shareholders' investment
Money laundering	Pearson Correlation	1	.912**
	Sig. (2-tailed)		.000
	N	293	293
Shareholders' investment	Pearson Correlation	.912**	1
	Sig. (2-tailed)	.000	
	N	293	293

**. Correlation is significant at the 0.01 level (2-tailed).

Table 14 shows the descriptive statistics of the money laundering and shareholders' investment with a mean response of 2.2087 and std. deviation of 1.02809 for money laundering and a mean response of 2.3071 and std. deviation of 1.37180 for shareholders' investment. By careful observation of standard deviation values, there is not much difference in terms of the standard deviation scores. This implies that there is about the same variability of data points between the dependent and independent variables.

Table 15 is the Pearson correlation coefficient for money laundering and shareholders' investment. The correlation coefficient shows 0.912. This value indicates that correlation is significant at 0.05 level (2tailed) and implies that there is a significant negative relationship between money laundering and shareholders' investment($r = .912$). The computed correlations coefficient is greater than the table value of $r = .195$ with 291 degrees of freedom (df. = n-2) at alpha level for a two-tailed test ($r = .912$, $p < .05$). However, since the computed $r = .912$, is greater than the table value of .195 we reject the null hypothesis and concluded that money laundering negatively relates with shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria ($r = .912$, $P < .05$).

3. Results and Discussions

Objective one: To determine the extent to which bribery affects the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria

Analysis for the purpose of achieving objective one was performed in table 4.8. The question that generated the analyzed data was designed to determine the extent to which bribery affect the board of directors' functions. In the analysis, which used the simple linear regression analysis, r; the correlation coefficient which has a value of 0.931, indicates that there is a significant relationship between bribery and board of directors' functions in selected deposit money banks in Enugu State, Nigeria. r square, the coefficient of determination, shows that 86.6% of the variation in the board of directors' is explained by the model. With the linear regression model, the error of estimate is low, with a value of about 0.13856. The Durbin Watson statistics of 0.651, which is not more than 2, indicates there is autocorrelation. The bribery coefficient of 0.905 indicates that bribery to a large extent affects the board of directors' functions in selected area offices of deposit money banks in Enugu State, Nigeria, which is statistically significant (with $t = 43.382$). The current results are consistent with findings of Anna (2012) that a higher local bribery level retards both real sales and labor productivity growth, making bribery a burden for an average firm., and also in-line with the result of Jessie and Mike (2011) that bribery has a significantly negative effect on firm growth.

Objective two: To ascertain the extent to which fraud affects the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria

Analysis for the purpose of achieving objective two was performed in table 4.11. The question that generated the analyzed data was designed to ascertain the extent to which fraud affects the managers' accountability. In the analysis, which used the simple linear regression analysis, r; the correlation coefficient which has a value of .792, indicates that there is a significant relationship between fraud and manager accountability in selected deposit money banks in Enugu State, Nigeria. r square, the coefficient of determination, shows that 55.0% of the variation in manager accountability is explained by the model. With the linear regression model, the error of estimate is low, with a value of about 0.42118. The Durbin Watson statistics of 0.298, which is not more than 2, indicates there is autocorrelation. The fraud coefficient of 0.732 indicates that fraud to a large extent affects the managers' accountability in selected area offices of deposit money banks in Enugu State, Nigeria, which is statistically significant (with $t = 12.517$). The current results are consistent with findings of Hamilton and Justin (2012) that fraud had a significant effect in Nigeria quoted firms, and also in-line with the findings of Okoye and Gbegi (2013) that fraud and related financial crime had a significant effect on the Nigerian economy.

Objective three: To identify the nature of the relationship existing between money laundering and shareholders' investment in selected area offices of deposit money banks in Enugu State, Nigeria

Analysis for the purpose of achieving objective three was performed in table 4.15. The question that generated the analyzed data was designed to identify the nature of the relationship existing between money laundering and shareholders' investment. In the analysis, the Pearson correlation matrix on the examination of this effect showed the correlation coefficient, significant values and number of cases. The correlation coefficient showed 0.912, this value indicates that correlation is significant at 0.05 level (2tailed) and implies that there is a significant negative relationship between money laundering and shareholders' investment ($r = .912$). The computed correlations coefficient is greater than the table value of $r = .195$ with 291 degrees of freedom (df. = n-2) at alpha level for a two-tailed test (($r = .88$, $p < 0\ .05$). Since the computed $r = .88$, is greater than the table value of .195 we reject the null hypothesis and conclude that there is a statistical negative relationship between money laundering and shareholders' investment as reported in the probability value of ($r =.912$, $p < 0.05$). The current results are consistent with findings of Uyoyou and Ebipanipre (2013) that money laundering does have a significant effect on Nigeria's economy, and also in-line with the findings of Husni (2014) that the impact of money laundering (ML) on investment funding is a significant and negative relationship.

4. Conclusion

Corruption, as it relates to the banking sector, includes; bribery, fraud, money laundering, embezzlement, nepotism, misuse or stealing of firm property, receiving kickbacks, extortion, misappropriation, under or over-invoicing, and use of regulation as bureaucratic capital which undermines the value of corporate governance. Corporate governance is a set of relationship between a company management, board of directors, shareholders, and auditors in ensuring and promoting accountability and responsibility of all stakeholders in the corporation. On the basis of the research findings, the study concludes that corruption had a negative effect on the corporate governance in selected area offices of deposit money banks in Enugu State, Nigeria.

Recommendations

Based on the findings of the study, the following recommendations were made:

a) The responsibilities and dispersion of authority by the board of directors' of deposit money banks in the study areas should be made transparent, and this should involve the processes in the making, interpretation, and implementation of any policies or decisions, hence, negating the large extent to which bribery affects the board of directors' functions.
b) Deposit money banks in the study area should have a specialized fraud detection department; the effectiveness and awareness of this department deter fraudulent activities and aids the managers in carrying out effective management duties with optimal accountability.

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c) The enactment, legalization, and efficient implementation of stringent policies, not only to deposit money banks involved in money laundering but also to the signatories that aided its accomplishment; this should be upheld by internal and external regulatory bodies, to ensure that the perceived benefit inherent in such corrupt practice is not worth the legal repercussions, hence, enhancing optimal utilization of shareholders' investment.

Contribution to Knowledge

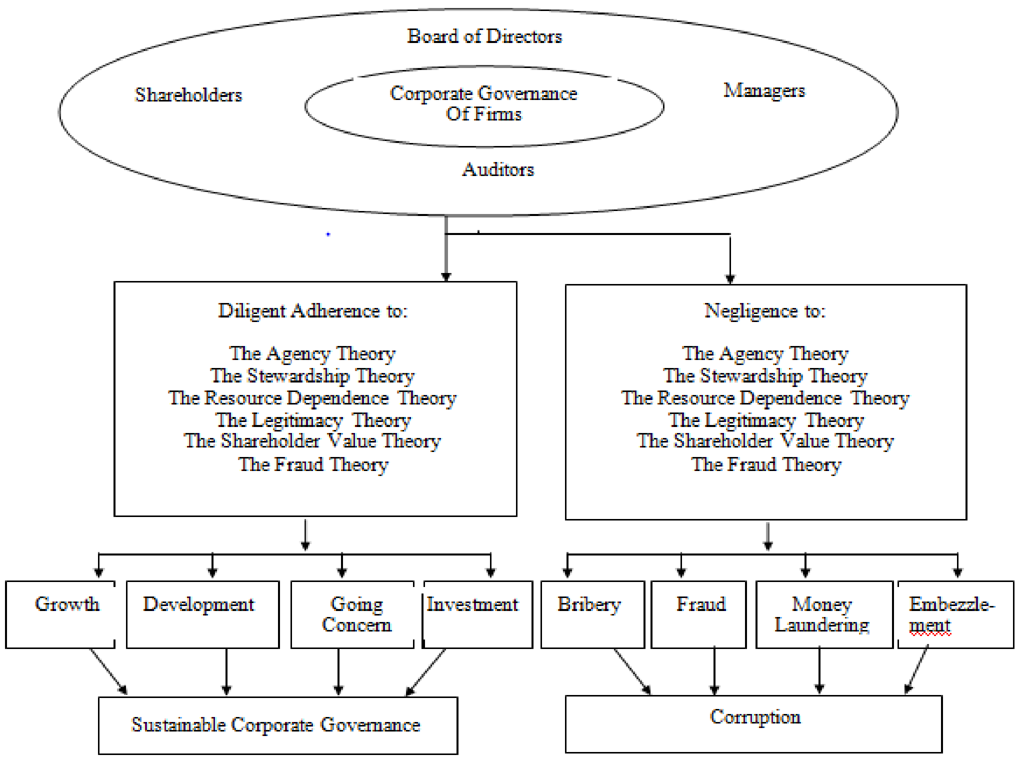

Figure 1. Corporate Governance Model
Source: The Researcher, 2016

As indicated in figure 5.1, corporate governance encompasses variables and dimensions of which diligent adherence to the stated theories ensures growth, development, going concern, and investment which ultimately lead to sustainable corporate governance, nonetheless, negligence to the stated theories ensures bribery, fraud, money laundering, and embezzlement which ultimately lead to corruption.

This research centers on the effect of corruption on corporate governance in selected area offices of deposit money banks in Enugu State, Nigeria. To the best of the researchers' knowledge, the position of this study which indicates that corruption had a negative effect on the corporate governance of selected deposit money banks in the study area contributes to literature, as there was a paucity of empirical evidence of such study in Enugu State, Nigeria. Also, the study contributed to knowledge by developing a model in understanding the effect of corruption on corporate governance.

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The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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